

FREQUENTLY ASKED QUESTIONS
REGULATION OF BANK INDONESIA NO.19/8/PBI/2017
ON NATIONAL PAYMENT GATEWAY

1. What is the background and target of issuance of RBI on National Payment Gateway?

Indonesia needs **safe, efficient, and reliable** national retail payment infrastructure. Currently, the ecosystem condition of domestic retail payment system is relatively complex and tends to be fragmented due to the less optimum interconnection and interoperability. As a solution to the need, NPG policy will manage the infrastructure, instruments, institutional arrangement, and implementation mechanism, to realize an **interconnected and interoperable ecosystem** and **have the capability of** optimal, safe, efficient, and reliable **domestic transaction processing**. Gradually, NPG policy implementation will include interconnection and interoperability of payment instruments (ATM and/or debit cards, credit cards, electronic money, and other payment instruments) and the existing payment canals (ATM, EDC, agents, payment gateway, and other payment canals).

NPG is also designed to become a **strategic backbone** in serving or facilitating vital government programs, such as distribution of non-cash social aid P2G, toll road electronification, other transportation modes, and in supporting national e-commerce and improving financial inclusion.

NPG is implemented by remaining oriented to **risk management** and **customer protection**, such as **domestic transaction data security**, and maintaining availability of national payment system transaction data required to support effective transmission of monetary policy, financial intermediation, and national financial system resilience.

2. Which parties are governed in RBI on NPG?

Parties governed in the RBI on NPG include NPG operators and parties connected with NPG. NPG operators are Standard Agencies, Switching Agencies, and Services Agencies, whose implementation is made collectively and supported by parties connected with NPG, like Issuers, Acquirers, Payment Gateway Operators, and other parties determined by Bank Indonesia. The connected parties consist of commercial banks, sharia banks, and Non-Bank Institutions.

3. What does domestic payment transaction mean?

Domestic payment transaction means any transactions using payment instruments issued by Issuers in Indonesia and made in the Republic of Indonesia.

4. What is the role of each NPG Operator?

Standard Agencies perform the functions to prepare, develop, and manage standards to ensure interconnection and interoperability of payment instruments, payment canals, and Switching and security.

Switching Agencies have the function and duty to process domestic payment transaction data for interconnection and interoperability.

Services Agencies have, among others, the duties to maintain payment transaction security and customer data confidentiality; conduct reconciliation, clearing, and settlements; develop a system of fraud prevention, risk management, and risk mitigation; manage life cycle of secure access module (SAM) and mobile apps; resolve payment transaction disputes for customer protection; and perform other duties mandated by Bank Indonesia relating to Services activities.

5. Is there any correlation between NSICCS and NPG?

NPG is infrastructure and institutional arrangement, which will facilitate domestic payment transaction processing for ATM and/or debit cards using the National Standard Indonesian Chip Card Specification (NSICCS) for ATM and/or debit cards previously determined by Bank Indonesia through provisions of Bank Indonesia on payments by cards.

6. What are the requirements for a switching operator to become a Switching Agency?

A switching agency **must obtain the prior approval** of Bank Indonesia to become a Switching Agency. Approval may be granted if a switching operator meets the following criteria as a Switching Agency:

- a. has obtained permit as a switching operator under the provisions of Bank Indonesia on implementation of payment transaction processing;
- b. has implemented domestic payment transaction processing by using infrastructures owned in Indonesia;
- c. has met share ownership of at least 80% (eighty percent) by an Indonesian citizen and/or Indonesian legal entities; and
- d. has the ability and capacity to perform Switching function in NPG;
- e. In addition to meeting the requirements mentioned above, an applicant of Switching Agency must have paid-up capital of at least Rp50,000,000,000.00 (fifty billion rupiah).

7. Do parties, which have obtained the permit as a Principal, must first re-apply for a permit as a switching operator to become a Switching Agency?

Any parties, which have obtained the permit as a principal prior to the enforcement of this RBI on NPG, **may request an approval** for a Switching Agency according to the principal permit they have obtained, provided that they have met the following criteria:

- a. has implemented domestic payment transaction processing by using infrastructures owned in Indonesia;
- b. has met share ownership of at least 80% (eighty percent) by an Indonesian citizen and/or Indonesian legal entities; and
- c. has the ability and capacity to perform Switching function in NPG.

The application must be made no later than 3 (three) months as of the enforcement of this RBI on NPG.

8. May a switching operator, which does not become a Switching Agency, remain carrying out their business?

A switching operator, which does not become a Switching Agency, **may remain** carrying out and developing their business through cooperation with a Switching Agency. Further, a Switching Agency, which will cooperate with a switching operator outside of NPG, must obtain the prior approval of Bank Indonesia. The forms of cooperation relate to capacity and capability increase of NPG; among others are acceptance expansion and/or technology transfer.

9. What are the obligations of parties outside of NPG to be able to be connected with NPG?

For implementation of interconnection and interoperability and domestic routing in Switching Agencies, parties connected with NPG must:

- comply with and apply the Standard determined by Bank Indonesia and managed by a Standard Agency,
- comply with the provisions specified by a Services Agency,
- must be connected with NPG by becoming a member of at least 2 (two) Switching Agencies for each payment instruments and/or canals.

The obligations are required to achieve interoperability of optimum (safe, efficient, and smooth) retail payment system.

10. In addition to specifying NPG implementation, are there any other matters specified in NPG provisions?

This RBI on NPG also specifies:

- Branding
- Price scheme
- Service feature

11. What does national branding mean?

National branding means a set of rules on:

- logo
- expansion of national acceptance; and
- domestic processing.

12. What is the aim of national branding rule?

National logo is a national symbol or identity aiming to **expand acceptance** and **increase engagement** to facilitate public communication and understanding.

13. What does price scheme mean in the rules on NPG?

Price scheme policy in NPG is established by considering the following principles:

- a. promote acceptance expansion, efficiency, competition, service, and innovation;
- b. be based on the aspect of cost of recovery plus reasonable margin, risks, and convenience; and
- c. determine the amount and structure of tariff and fee.

The establishment of price scheme policy set forth in paragraph (1) may consider feedbacks from other parties, such as payment system industry and association.

14. What does service feature arrangement mean in NPG?

Service feature in the RBI on NPG is a **minimum service feature mandatory to be provided** by NPG Operators and Parties connected with NPG. The service features among others are payment, transfer, cash withdrawal, balance check, and/or other service features adjusted to each instrument. The RBI on NPG provides space to add service features according to the development and innovation of payment transactions processed through NPG.